

# **Kentucky Agricultural Development Board**

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## ***Minutes of the November 16-17, 2006 Board Meeting & Annual Planning Session***

The Kentucky Agricultural Development Board Annual Planning Meeting was held on **November 16, 2006** at **8:30 AM EST**, in the Hazard Room at Buckhorn Lake State Park in Buckhorn, KY. Michael Judge, presiding, called the meeting to order, and the Secretary called the roll.

### **Roll Call**

#### ***Members Present***

Donna Amburgey; H. H. Barlow; John Cleaver; Rodney Dick; Commissioner Richie Farmer (Michael Judge, designee); Dennis Griffin; Wayne Hunt; Sam Lawson; Jim Mahan; Wayne Mattingly; Sam Moore; Dean M. Scott Smith; Secretary Gene Strong (Don Goodin, designee)

#### ***Members Absent with Excused Absences***

Vickie Yates Brown; Governor Ernie Fletcher

#### ***Others Present***

**Staff** - Catherine Ball, Angela Blank, Brian Furnish, Todd Harp, Tim Hughes, Christi Marksbury, Bill McCloskey, Joel Neaveill, Brad Nelson, Keith Rogers, Nick Whobrey, Stephen Yates

**Guests** – Dr. Jimmy Henning, University of Kentucky College of Agriculture; Kaycie Len Carter, Community Farm Alliance (CFA); Nathan Brown, CFA; Kara Keeton, Keeton Communication; Larry Snell, Kentucky Center for Agriculture and Rural Development; Robert Amburgey, Montgomery County Agricultural Development Council

### **Notification of Media**

Michael Judge received verification from Keith L. Rogers, Chief Executive Officer, that the media had received notice regarding the Kentucky Agricultural Development Board monthly board meeting.

### **Welcome**

Mr. Judge welcomed everyone to Buckhorn Lake State Park and thanked everyone for taking time to attend the two-day planning session. Mr. Judge yielded the floor to Keith Rogers.

## **Annual Planning Meeting**

### **KENTUCKY CENTER FOR AGRICULTURAL DEVELOPMENT & ENTREPRENEURSHIP (KCADE)**

Keith Rogers presented the KCADE documents in the Board packet. (Documents on file with the Board Secretary)

#### ***Marketing & Entrepreneurship Committee Recommendation:***

- KCADE needs to continue to build on the education component of the mission statement, since a key component of entrepreneurship development is education.

- Staff will partner with an appropriate organization in 2007 to develop and provide regional training programs on business plan development.
- KCADE will work with the College of Agriculture to provide funding for the second round of the Kentucky Entrepreneurial Coaches Institute for a new region of the Commonwealth.
- GOAP staff will continue to be responsible for promotion, marketing and administration of KCADE programs. A dedicated GOAP staff member will continue to coordinate educational information and programs.
- KCADE needs to focus on creating an environment for entrepreneurship in rural Kentucky.
  - KCADE will sponsor and host a minimum of four regional entrepreneurship training sessions during 2007.
  - KCADE will continue to provide resource information on-line and will look for new ways to promote regional resources.
- Improve on the mission of identifying and providing other financial opportunities for entrepreneurs.
  - Continue to publish newsletters and grant notices.
  - Continue research ways to leverage KCADE funds in all targeted areas of the mission statement.
- Staff needs to develop a more customer friendly application for KCADE cost-share funding and present it to the KADB within 60 days.
- The objective and purpose of KCADE needs to remain a function within the GOAP and carried out by GOAP staff.

Sam Lawson moved to accept the recommendation for KCADE; Jim Mahan seconded the motion. The motion passed without dissent.

### **ENERGY POLICY**

Keith Rogers presented the Energy Policy documents in the Board packet. (Documents on file with Board Secretary)

**Staff Recommendation** - Initially, any application to KADB should first conform to HB 611, as codified in KRS 248, Kentucky's Long-Term Plan for Agricultural Development and the KADB's Guiding Principals. In addition, the following policy will be used for energy projects.

### **ETHANOL AND BIODIESEL**

The KADB has provided seed capital for one major ethanol and biodiesel facility in Kentucky. Today, capital is available in unprecedented quantities for new ethanol and biodiesel facilities that have the equity and expertise to bring a project to completion. The KADB does not feel providing additional capital for ethanol and biodiesel facilities is required in today's environment.

The KADB will, however consider applications for new ethanol and biodiesel projects if farmers have substantial ownership and financial investment in the project. Substantial ownership is defined as a project that involves at minimum, one farmer per one million dollar total project cost. This position is based on Guiding Principal number seven, which states "The Board believes that

farmer-owned agri-businesses may be an important vehicle to promote and sustain new and/or improved farm activity”.

Any application for development of an ethanol or biodiesel project cannot expect to receive more than \$1 million or ten percent of the total project in total funding from the KADB.

### BIOMASS PRODUCTION FOR ENERGY UTILIZATION

The KADB believes that biomass production can be an emerging industry for all regions of the Commonwealth, but especially non-grain producing areas. The KADB further understands that energy production from biomass is not of commercial scale at this time and needs additional research and development to make biomass production opportunities a reality for farmers.

For Kentucky farmers to benefit from biomass production, the KADB believes additional research, development of crops, production and delivery methods of biomass are required. Therefore, the KADB will establish biomass production research and development as one of its focuses in 2007. The Board will search for and entertain applications that will assist Kentucky farmers by creating the opportunities to enter this industry.

### OTHER ENERGY APPLICATIONS

During the past two years, GOAP staff has been presented several potential projects that are related to energy production that do not fit in the main stream of today's renewable energy production and research. Applications in this category will be considered on case by case bases. In such applications, the KADB will look strongly to the direct benefit to Kentucky farmers and the number of farmers who stand to benefit from the successful completion of the project. The KADB will rely on the Governor's Office of Energy Policy and the University of Kentucky, College of Agriculture to provide direction on the technical information of the project and determine the possibility of success before a final decision is made on the application.

Dennis Griffin moved to amend the motion by adding the words all applicants must be able to demonstrate that they can produce ASTM quality biofuels and projects cannot expect to receive more than ten percent of the total project up to a \$1 million **maximum** in total funding from the KADB; Rodney Dick seconded the amendment. The amendment passed without dissent.

Mr. Mahan moved to accept staff recommendation as amended for Energy Policy; H.H. Barlow seconded the motion. The motion passed without dissent.

### **COUNTY FUNDS**

Bill McCloskey presented the County Funds documents. (Documents on file with the Board Secretary)

- County Councils are not clear on what type of activities the KADB will fund. On several occasions this year, agricultural leaders have expressed frustration concerning actions by the KADB related to County funds.

**Staff recommendation:** Create a list of items that can be provided to County Agricultural Development Councils and potential applicants.

Listed below are the types of activities the Board will NOT fund. This list is based on projects the Board has not funded or activities the Board would not entertain as part of a competitive awards program. This list will be updated when appropriate.

- Health fairs
- Operating costs
- Teacher salaries
- Youth scholarship
- Motorized vehicles
- Safety day projects
- Paving parking lots
- Pay lakes and docks
- Tobacco production
- Overnight lodging for rent
- Horse trails or hiking trails
- Swimming pools or hot tubs

John Cleaver moved to accept staff recommendation on County Funds for a list of items the Board will not fund; Wayne Mattingly seconded the motion. The motion passed without dissent.

- County Councils with limited funds struggle with how to investment county funds in a way that will provide county wide producer impact.

**Staff recommendation:** Create a list of items that can be provided to County Agricultural Development Councils and potential applicants.

Listed below are the types of projects County Councils have committed funds with county wide impact.

- Agriculture Awareness or Education Program marketing materials.
- Cattle handling equipment to support livestock sale.
- Purchase equipment as part of shared use equipment program.
- Investment in multi county or county agriculture production projects.
- Youth agriculture production loan program.
- Youth agriculture production cost share program.

Mr. Cleaver moved to accept staff recommendation on County Funds for a list of projects with county wide impact for County Councils with limited funds; Mr. Griffin seconded the motion. The motion passed without dissent.

- County Comprehensive Plans

**Staff recommendation:** During 2007, the KADB will coordinate a major initiative that encourages County Agricultural Development Councils to update their County Comprehensive Plan.

Action on this matter was suspended until Friday, November 17, 2006.

## **MODEL, MENU & PILOT PROGRAM POLICY**

Brian Furnish presented the Model, Menu and Pilot Program Policy documents in the Board packet. (Documents on file with the Board Secretary)

### ***Model Programs***

### **Limits on Model Programs**

### **Recommendations**

- At the roundtable discussions this summer, the issue of the Cattle Genetics Program was brought up many times as a topic. Currently, the limitations on cattle genetics are that producers are eligible to receive \$1,250 per year with a lifetime maximum of \$5,000 or four bulls. (A letter from Mason County is included in this section)

**Staff Recommendation:** Remove the limit on the number of bulls and leave the annual dollar limit of \$1,250 and lifetime limit of \$5,000 in place.

Mr. Lawson moved to accept staff recommendation as stated above; Mr. Dick seconded the motion. The motion passed without dissent.

- Poultry is number two in cash receipts for Kentucky. Currently, poultry production is a part of the Agricultural Diversification Model Program with a limit of \$5,000 per year. The Kentucky Poultry Federation is requesting a stand alone model program for poultry production and a one time payment limit of \$15,000.

**Staff Recommendation:** Remove the Commercial Poultry section from the Agricultural Diversification Model Program and establish it as a new model program with a lifetime limit of \$15,000 and with no annual limit.

Mr. Cleaver moved to keep the payment limitation at \$5,000 per year; Mr. Dick seconded the motion. The motion passed with dissent. Mr. Mattingly voted against the motion.

Mr. Barlow moved to make poultry a stand alone program; Mr. Mahan seconded the motion. The motion passed with dissent. Mr. Dick voted against the motion.

- The Kentucky Pork Producers Association has requested the Swine Diversification Model Program allow for a one time cost-share grant of \$15,000 rather than the current annual \$5,000 limit and the \$15,000 lifetime maximum the program. (Copy of the letter is included this section)

**Staff Recommendation:** Change the Swine Diversification Model Program to a lifetime limit of \$15,000.00 with no annual limit.

Wayne Hunt moved not to accept the staff recommendation as stated above; Mr. Cleaver seconded the motion. The motion passed without dissent.

- The Agricultural Diversification Program currently only has an annual payment limit of \$5,000 per year, with no lifetime limit.

**Staff Recommendation:** Impose a lifetime limit of \$15,000 to be consistent with the lifetime limit of all other model programs. This will be retroactive to the date the county first adopted this model program. Anyone who has achieved the lifetime limit will not be penalized, but will not be allowed any future funding through the Agricultural Diversification Program.

Mr. Barlow moved to accept staff recommendation as stated above; Mr. Hunt seconded the motion. The motion passed without dissent.

### **Length of Model Program Contracts**

#### **Recommendations**

- Some requests have been received and discussions took place during Regional Roundtables to lengthen certain Model Program contracts. Currently, all Model Program contracts are 12 months with the exception of Hay, Straw & Commodity Storage and Farm Livestock Fencing Improvement. These two model programs run for 18 months.

**Staff Recommendation:** No changes to the current length of Model Program contracts.

Mr. Dick moved to accept staff recommendation as stated above; Mr. Lawson seconded the motion. The motion passed without dissent.

### **Tobacco Dependency**

#### **Recommendations**

- In November 2005, the KADB approved guidelines for Model Programs as it relates to tobacco dependency. Language from model program guidelines states: "Administrators are strongly encouraged to use a scoring system that gives tobacco dependent farmers priority, by providing points for tobacco dependency. KRS 248.711 (2) (h) states that eligibility for county funds shall require that tobacco farmers be given priority. The program administrator will establish a committee or process to review each application for completeness and score each application according to the evaluation criteria established for the program".

**Staff Recommendation:** Add language to the Model Program Guidelines to acknowledge a son or daughter that may also be considered tobacco dependent if the parents are considered tobacco dependent. In addition to son and daughter, a current tobacco production contract may be used to define tobacco dependency.

Mr. Moore moved to accept the staff recommendation for tobacco dependency; Mr. Mahan seconded the motion. The motion passed without dissent.

### **Co-mingling of ADB Funds**

#### **Recommendations**

- Program administrators have requested to operate all of their programs from one bank account. Currently, they are required to have separate accounts for each model program/project they are administering for their county/area.

**Staff Recommendation:** Allow program administrators to operate multiple Model Programs from one bank account, however Model Program funds may not at any time be co-mingled with funds other than Agricultural Development Funds.

Donna Amburgey moved to accept the staff recommendation for co-mingling of funds; Mr. Griffin seconded the motion. The motion passed without dissent.

### **Election and Reporting of County Agricultural Development Council Members**

#### **Recommendation**

- Every two years, GOAP staff has trouble getting County's to report the election of new members to County Agricultural Development Councils. As of November 1, 2006, only 53% of counties had updated their county council information to GOAP. This information was due on July 1, 2006.

**Staff Recommendation:** Effective January 1, 2007, no money will be dispersed to counties who have not reported new council members, until they have provided their new/updated county council members to the Governor's Office of Agricultural Policy.

Mr. Dick moved to accept the staff recommendation for election and reporting of county agricultural development council members; Mr. Barlow seconded the motion. The motion passed without dissent.

### **Bracken County Agricultural Advancement Council**

#### **Recommendation**

- The Bracken County Agricultural Advancement Council is requesting that manure spreaders be added to livestock Model Programs as an eligible cost-share item. The Council claims with recent investment in feeding facilities and heavy use feeding areas, farmers now have an accumulation of animal waste that can be utilized as a soil amendment for crops. This development requires dependable equipment for accurate and uniform application. (Letter included in this section)

**Staff Recommendation:** Continue with current policy to not allow manure spreaders as an eligible item in Model Programs.

Mr. Lawson moved to accept the staff recommendation as stated above; Mr. Hunt seconded the motion. The motion passed without dissent.

### **Pilot Programs**

#### **Recommendations**

- Pilot Programs are used to explore new ideas that a county has for their producers. Currently, there is no time frame on when a Pilot Program becomes a regional project or rolled into a model program.

**Staff Recommendation:** Pilot Programs must run a minimum of 12 months. After the program is complete and staff has analyzed the program, staff will provide the KADB recommendations. This may include, but not be limited to, rolling programs into a model program, continue as a pilot for more information, create a regional non-model program or recommend that the project not be continued.

Mr. Mattingly moved to accept the staff recommendation for Pilot Programs; Dean M. Scott Smith seconded the motion. The motion passed without dissent.

### **Menu Approach to Model Programs**

#### **Recommendations**

- The Menu Approach to model programs has become very popular with the county councils. Currently the KADB has no written guidelines for the administration of Menu Programs. The following issues have been brought to staff's attention and the KADB is asked to consider the following recommendations.

**Staff Recommendation:** Menu Programs will be defined as the combination of any available Model Program (except: Shared-Use Equipment Program) as long as the applicant is not requesting any items the Model Program does not allow. Request for items not included in Model Programs must be submitted on Non-Model applications.

Mr. Moore moved to accept the staff recommendation as stated above ; Mr. Mahan seconded the motion. The motion passed without dissent.

- Currently with Menu Programs the applicant will chose the length of the programs. The duration of the contracts may be 12 or 18 months, depending on the programs that are included in the menu. Staff is using the 18 month contract if one of those programs is a part of the menu approach to the model program. If one of those programs is not a part of the menu, the contract is 12 months.

**Staff Recommendation:** The applicant shall identify in the application the length of the Menu Program they wish to have in the administration of the project. The County Agricultural Development Council will consider the length of the program in their consideration and rating of the application. The duration of the program can either be 12 or 18 months, but cannot exceed the length of the longest Model Program included in the Menu Program.

Mr. Cleaver moved to accept staff recommendation as stated above; Mr. Moore seconded the motion. The motion passed without dissent.

- Currently, applicants submit the Non-Model Application for Menu Programs, this application requires information not needed to apply for Model Programs.

**Staff Recommendation:** Minor modifications be made to the Model Program application that will allow the application to be used for Menu Programs and allow Menu Programs to apply on that application.

Mr. Moore moved to accept the staff recommendation as stated above; Don Goodin seconded the motion. The motion passed without dissent.

- During 2006, every Menu Program approved has carried a program limit of \$5,000 per producer with the intention that the funding provided carries through on the lifetime payment limits of the individual Model Program. Applicants have requested other limits, however the staff has not provided those in any of our recommendations for funding.

**Staff Recommendation:** The program payment limit for a Menu Program shall be \$5,000 per producer (producer defined by the same method as in Model Programs). Cost-Share grants provided in a Menu Program shall be applied to the Lifetime Maximum Payment Limits for the Model Program from which the eligible item was funded.

Mrs. Amburgey moved to accept the staff recommendation; Mr. Dick seconded the motion. The motion passed without dissent.

The Board recessed at 11:56 AM EST.

The Annual Planning Meeting of the Kentucky Agricultural Development Board reconvened on **Friday, November 17, 2006 at 8:30 AM EST**, in the Hazard Room at Buckhorn Lake State Park in Buckhorn, KY. Michael Judge, presiding, called the meeting to order, and the Secretary called the roll.



## Roll Call

### **Members Present**

Donna Amburgey; H. H. Barlow; John Cleaver; Rodney Dick; Commissioner Richie Farmer (Michael Judge, designee); Dennis Griffin; Wayne Hunt; Sam Lawson; Jim Mahan; Wayne Mattingly; Sam Moore; Dean M. Scott Smith; Secretary Gene Strong (Don Goodin, designee)

### **Members Absent with Excused Absences**

Vickie Yates Brown; Governor Ernie Fletcher

### **Others Present**

**Staff** - Catherine Ball, Angela Blank, Brian Furnish, Todd Harp, Tim Hughes, Christi Marksbury, Bill McCloskey, Joel Neaveill, Brad Nelson, Keith Rogers, Nick Whobrey, Stephen Yates

**Guests** – Dr. Jimmy Henning, University of Kentucky College of Agriculture; Kaycie Len Carter, Community Farm Alliance (CFA); Nathan Brown, CFA; Kara Keeton, Keeton Communication; Larry Snell, Kentucky Center for Agriculture and Rural Development; Robert Amburgey, Montgomery County Agricultural Development Council

### **ADDITIONAL ITEMS**

Keith Rogers yielded the floor to the Board members for open discussion. He asked the members if they had any questions on items discussed the previous day or matters the Board felt needed to be addressed at this meeting that were not on the agenda.

Brian Furnish discussed the idea of helping producers with labor situations. He mentioned a pilot program for migrant housing using county funds. (IE: Cost share \$5,000 to remodel existing homes or to buy a mobile home)

Mr. Mahan moved to pursue the potential of a pilot migrant infrastructure program; Mrs. Amburgey seconded the motion. The motion passed without dissent.

### **MODEL, MENU & PILOT PROGRAM POLICY**

Brian Furnish revisited the Model, Menu and Pilot Program Policy documents in the Board packet to discuss Premise ID. (Documents on file with the Board Secretary) Mr. Furnish introduced Dr. Robert Stout from the Kentucky Department of Agriculture to discuss the issue with the Board.

#### **Premise Identification**

##### Recommendations

- Last year the Department of Agriculture requested that producers be required to have a Premise Identification to access funds through Model Programs. After consideration, the request was not presented to the KADB. Currently, KDA is responsible for registering producers Premise ID for the National Animal Identification System. KDA has again, requested the KADB consider requiring a Premise ID for eligibility for funding. (Included in this section are several items concerning animal ID)

**Staff Recommendation:** Require producers to have their premise identification before funds can be dispersed to applicants in all Model Programs.

Dean Smith moved to accept the staff recommendation for Premise Identification; Mr. Griffin seconded the motion. The motion passed with dissent. Mr. Cleaver voted against the motion.

### **COUNTY FUNDS**

Keith Rogers recalled the County Funds documents in the Board packet to discuss County Comprehensive Plans. (Documents on file with the Board Secretary)

**Staff recommendation:** During 2007, the KADB will coordinate a major initiative that encourages County Agricultural Development Councils to update their County Comprehensive Plan.

Mr. Moore moved to accept the staff recommendation for County Funds on the County Comprehensive Plans; Mr. Hunt seconded the motion. The motion passed without dissent.

### **COMPLIANCE POLICY**

Catherine Ball presented the Compliance Policy documents in the Board packet. (Documents on file with the Board Secretary)

**Staff recommendation:** *Beginning on January 1, 2007 the KADB shall establish two categories a Watch List Status and Probation Status to further allow the GOAP staff to enforce the Guidelines for Administrators which shall be based upon the following criteria.*

An Administrator shall be defined as the entity that entered a legal agreement with the KADB to administer a model or non-model program.

Some general areas of compliance which will not move an applicant to a Watch List or Probation status, but are noteworthy here are:

- Diverging from county requirements not expressly written in the application to the KADB will not result in Watch List status, that will be a county level decision on future programs.
- GOAP will review Administrators performance based on a request from the county council but will not place an Administrator on Watch List or Probation without independent GOAP review.
- In order for a Non-model recipient of a menu or pilot program to be eligible for administering a model program, the Recipient should be in good standing with the GOAP.
- In the event that other unidentified issues arise, the Executive Director may place an Administrator on the Watch List or Probation at any time. In the event that an Administrator is placed on a Watch List or Probation the Executive Director will report this to the KADB members within 30 days.

Due to the serious nature of being placed on probation, in the event that an entity is placed on probation and does not maintain good standing with the GOAP, the entity shall be suspended at the discretion of the Executive Director. During the period of suspension, if the entity applies to administer a program, GOAP staff will not give it a recommendation for funding.

If an Administrator chooses to appeal the determination of either a Watch List, Probation status, or Suspension the entity must submit a written appeal to the Executive Director within sixty (60) days of the initial letter from GOAP stating the reason for their determination. The KADB Committee will consider the appeals and provide a report or recommendation to the KADB.

**The Watch List** is a method of identifying and assisting Administrators who for numerous reasons, may need additional assistance with their programs. This is specifically for Administrators who consistently take liberties and do not follow the directives of the model programs, but overall are average administrators. This would be for twelve (12) months from the date the Program

Administrator is given written notice of the determination. The following will trigger an existing Administrator being placed on a Watch List:

- A. Not following the procedures outlined in the application, guidelines or in the legal agreement;
- B. Does not submit all required reporting within 60 days of the programs end as outlined in the Guidelines;
- C. Repeatedly submitting incomplete or incorrect reports;
  - i. Submitting combined reports with other years or other programs.
  - ii. Not submitting a close-out report.

The GOAP staff and the Administrator will take the following steps when an Administrator is placed on the Watch List:

- D. GOAP will send a letter to the Program Administrator, the Chair of the County Council and the Extension Agent notifying them of the status and reason for the determination;
- E. The Administrator must attend an administrative training session held by the GOAP, such as a Regional Workshop or one-on-one training session, before additional funds are released;
- F. The Administrator must report on time every time, for every program administered;
- G. The Reports must be in the correct format and complete;
- H. The Administrator maybe required to have a separate checking account for each model program;
- I. The Administrator maybe required to have a formal review with the Compliance Department at the conclusion of the programs; and
- J. The Administrator maybe approved to operate additional programs under terms set by the GOAP during the time they are on the Watch List.
- K. GOAP and the Administrator may enter a Memorandum of Understanding regarding the status of the Administrator with any additional terms deemed necessary.

Mr. Hunt moved to accept the staff recommendation for Compliance Policy; Mr. Lawson seconded the motion. The motion passed without dissent.

### **KADB APPLICATION REVIEW POLICY**

Keith Rogers presented the KADB Application Review Policy documents in the Board packet. (Documents on file with Board Secretary)

**Staff recommendation:** Continue the "Deferred" Status Category the KADB established in November of 2005 with the following improvements:

- o Deadline for non-model project applications is moved from the second Friday of the month to the first Friday of the month. Applications received by the first Friday will continue to be delivered to the Board at the regular meeting on the third Friday of the month.
- o Project Analysts will prepare a brief written summary based solely on the information in the application. They will then attach the summary to the application and provide it to the Board. The summary will include, but not be limited to the following:
  - How the project meets the intent of HB 611
  - How the project meets the Guiding Principals of the Board
  - If applicable, does the project meet the priorities of the County Comprehensive Plan?

- The Executive Director may appoint a five member Review Committee from the Board for any project placed in “Deferred” status.
- Based on Board Review Committee input, the Executive Director would determine the appropriate course of action for the application. This may consist of a meeting of the Board Review Committee with the applicant, a conference call with Board Review Committee and staff, further staff review, and/or development of a Staff Recommendation for the next Board Meeting.
- All Board Members not on the Board Review Committee would still have the opportunity to ask questions and provide input during the “Deferred” status presentation at the full Board Meeting.
- Based on input by the Board Review Committee the GOAP staff will still be responsible for working with the applicant to provide a staff recommendation of “Pending”, “Funding” or “No Funding” the project, to the full Board.
- Projects in “Deferred” status before the Board will remain for discussion purposes only with no Staff Recommendation and cannot be voted on by the Board until the following month.
- These changes will become effective on January 1, 2007.

Dean Smith moved to accept the staff recommendation for KADB Application Review Policy; Mr. Mattingly seconded the motion. The motion passed without dissent.

### ***AGRI-TOURISM***

Bill McCloskey presented the Agri-tourism documents in the Board packet. (Handouts on file with the Board Secretary)

***Staff recommendation:*** Continue support of the Agri-tourism Industry by providing funds for regional marketing and promotional activities to regional Agri-tourism Organizations, and to discontinue the Agri-tourism Business Category from the Competitive Awards Program. Staff recommends the remaining balance available from the current Agri-tourism account as of December 31, 2005, (approximately \$235,000) be earmarked for an Agri-tourism Marketing and Promotional Program in 2007. Multi-county and regional organizations will be eligible with a maximum of \$50,000 per applicant.

Mr. Hunt moved to accept the staff recommendation for Agri-tourism; Mr. Dick seconded the motion. The motion passed without dissent.

### ***FARMERS’ MARKET***

Stephen Yates presented the Farmers’ Market documents in the Board packet. (Documents on file with the Board Secretary)

***Staff recommendation:*** Continue the Farmers’ Market Competitive Awards Program with the remaining balance available in the Farmers’ Market account as of December 31, 2006 (approximately \$1,821,760). Staff further recommends allocating the funds in the following categories:

- 55% for Local Markets – (estimate \$1,001,968)
- 35% for Regional Markets – (estimate \$637,6160)
- 10% for Feasibility Studies- (estimate \$182,176)
- TOTAL -\$1,821,760

Staff has increased the percentage for regional markets in anticipation of receiving applications from both Lexington and Louisville for Regional markets.

Staff recommends using the same guidelines to operate the program as in 2006 with one exception. We recommend modifying the funding policy as it relates to Regional Farmers' Markets. Currently, Regional Markets are eligible for a dollar for dollar match of state funds for every county dollar they secure up to fifty percent of the project. This is a somewhat restrictive requirement for regional Markets as they are by their nature, more expensive projects. Staff is recommending a change in policy that would allow Regional Farmer's Markets to receive \$2 of state funds for every \$1 of county funds secured. Agricultural Development Funds still could not exceed 50% of the project, but county funds would only make up 1/3 of the funding provided by Agricultural Development Funds.

Mr. Lawson moved to accept the staff recommendation for Farmers' Market; Mr. Mahan seconded the motion. The motion passed without dissent.

## **November Business Meeting**

### **Roll Call**

#### ***Members Present***

Donna Amburgey; H. H. Barlow; John Cleaver; Rodney Dick; Commissioner Richie Farmer (Michael Judge, designee); Dennis Griffin; Wayne Hunt; Sam Lawson; Jim Mahan; Wayne Mattingly; Sam Moore; Dean M. Scott Smith; Secretary Gene Strong (Don Goodin, designee)

#### ***Members Absent with Excused Absences***

Vickie Yates Brown; Governor Ernie Fletcher

### **Approval of Minutes**

Mr. Dick moved to approve the minutes of the October 20, 2006 meeting as presented: Mr. Goodin seconded the motion. The motion passed without dissent.

### **Executive Director's Report**

Mr. Rogers reviewed the Status of Accounts document. He stated there was an adjustment to the education and leadership category. There was an estimated figure in the category for anticipated applications for the Kentucky Beef Network and the Coaches Institute. In the KCADE category, there will be an adjustment for the Fall workshops when all information is available. Phase II remaining funds from 2005 are \$154,000. The Governor's Office of Agricultural Policy has been given permission to use these funds as administrative money for the amnesty program. In return, the administrative funds from the amnesty program will not be taken away from Phase I funds as predicted. As a side note, on the pending projects list, Bluegrass Bio Energy, LLC has expired.

Due to new Board members, committee assignments were updated. The list of the new assignments were in the update folder. (Handout on file with Board Secretary)

Mr. Rogers called on Tim Hughes for an update on the Kentucky Agricultural Finance Corporation (KAFC). (Refer to handouts on file with Board Secretary) Mr. Hughes reported that the Board is expecting several applications for their December meeting. He has also received several calls on the Beginning Farmer Loan Program.

Mr. Rogers commented on the Oversight Committee meeting. He asked Mr. Judge to talk about their report to the Oversight Committee on the Kentucky Proud program. Mr. Judge commented that the committee was pleased with the Kentucky Proud program and the progress the Kentucky

Department of Agriculture and Allied Food Marketers West is making to help producers across the Commonwealth. Mr. Rogers informed the Board that there were no issues this month with the Oversight Committee. There were some questions on agri-tourism, which were covered in that section of the planning session.

Mr. Rogers turned the Board's attention to the "Additional Comments" section of the Board packet. He discussed the letter from the Kentucky Aquaculture Association. The issues addressed in the letter were not pertinent to the planning session, but he wanted to bring them to the Board members' attention.

Mr. Rogers gave the details on the lease of the Owensboro facility to Cabbage, Inc. of West Lake, OH. Cabbage, Inc. was the sole proposal. They will sign a three year lease with a purchase option of \$450,000 at the end of the lease.

## **Old Business**

**Pilot Farm Business Management Cost-Share Program** (Handout on file with Board Secretary)  
Mr. Rogers presented the revised document that was presented to the Board at the September Board meeting for a draft. This document had a few minor changes. The program will be effective January 1, 2007.

Mr. Lawson moved to accept the Pilot Farm Business Management Cost-Share Program; Mr. Dick seconded the motion. The motion passed without dissent.

## **New Business**

### ***Referral of December Projects<sup>1</sup>***

Mr. Rogers presented projects A2006-0429 to A2006-0467 for referral to the Board's December meeting for review. Mr. Moore moved that projects A2006-0429 to A2006-0467 be referred for December review; Mr. Hunt seconded the motion. The motion passed without dissent.

### ***Approval of Model Programs<sup>2</sup>***

Mr. Judge submitted projects requesting funds for county model programs. There was a change in Agricultural Diversification for Montgomery County Farm Bureau from \$75,000 to \$44,655 and in Forage Improvement and Utilization in Montgomery County Conservation District from \$100,00 to \$44,470. Mr. Dick moved the said applications be approved for the named model programs; Mrs. Amburgey seconded the motion. The motion passed without dissent.

### ***Requested Amendments<sup>3</sup> and Withdrawals<sup>4</sup>***

Mr. Rogers presented two requested amendments and one requested withdrawal for approval. Mr. Mattingly moved that said amendments be approved; Mr. Goodin seconded the motion. The motion passed without dissent.

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<sup>1</sup> A detailed list of the referred projects is attached as Appendix A.

<sup>2</sup> A detailed list of projects funded under each model program category is attached as Appendix B.

<sup>3</sup> A detailed list of requested amendments approved is attached as Appendix C.

<sup>4</sup> A detailed list of requested withdrawals approved is attached as Appendix D.

**Recommendations for Funding**

Todd Harp presented A2006-0440, **Clinton County Farm Bureau Inc. of Albany, Kentucky.**

Clinton County Farm Bureau Inc. of Albany, Kentucky. requests \$125,000 in Clinton County funds to administer a menu approach for six model programs: Hay, Straw and Commodity Storage, Cattle Handling Facilities, Farm Livestock Fencing Improvement, Dairy Diversification, Cattle Genetics Improvement and Agricultural Diversification. Mr. Harp reviewed the proposed terms and conditions for the project.

Mr. Barlow moved that **A2006-0440 be approved for \$125,000 in Clinton County funds;** Mr. Dick seconded the motion. The motion passed without dissent.

Nick Whobrey presented A2006-0445, **Carroll County Agriculture Development Fund, Inc.**

Carroll County Agriculture Development Fund, Inc. requests \$11,279 in Carroll County funds to administer a Satellite Broadband Program in Carroll County. Mr. Whobrey reviewed the proposed terms and conditions for the project.

Mr. Moore moved that **A2006-0445 be approved for \$11,279 in Carroll County funds;** Mr. Mahan seconded the motion. The motion passed without dissent.

Stephen Yates presented A2006-0456, **The Estill County Cattlemen's Association, Inc.** The

Estill County Cattlemen's Association, Inc. requests \$94,500 in Estill County funds to administer a menu approach for four model programs: Cattle Genetics Improvement, Farm Livestock Fencing Improvement, Cattle Handling Facilities (CPH45 participants receive an additional \$1,000 cost share), and Hay, Straw and Commodity Storage. Mr. Whobrey reviewed the proposed terms and conditions for the project.

Mr. Dick moved that **A2006-0456 be approved for \$94,500 in Estill County funds;** Mrs. Amburgey seconded the motion. The motion passed without dissent.

**Closing Remarks**

The next meeting of the Kentucky Agricultural Development Board will convene at 10:00 AM EST on Friday, December 15, 2006 at the Franklin County Cooperative Extension Office in Frankfort, KY. Note time and location of meeting subject to change; ample notification will be given if such a change occurs.

Mrs. Amburgey moved to adjourn; Mr. Moore seconded the motion. The motion passed without dissent. The meeting adjourned at 1:03 PM EST.

**APPROVED:** \_\_\_\_\_

**PRESIDING OFFICER:** \_\_\_\_\_

**SECRETARY:** \_\_\_\_\_

## APPENDIX A: New Applications for Referral

App #	Applicant	Request Type
A2006-0429	Kenton County Conservation District	Agricultural Diversification
A2006-0431	Todd County Cattlemen's Association, Inc.	Agricultural Diversification
A2006-0432	Barren County Cattlemen's Association	Cattle Handling Facilities
A2006-0433	Barren River Area Development District	Agricultural Diversification
A2006-0434	Jessamine County FFA Alumni Association, Inc.	Project
A2006-0435	Jessamine County Goat Producers, Inc.	Goat & Sheep Diversification
A2006-0436	Jessamine County Beef Cattle Association, Inc.	Cattle Handling Facilities
A2006-0437	Jessamine County Beef Cattle Association, Inc.	Dairy Diversification
A2006-0438	Laurel County Cattlemen's Association, Inc.	Goat & Sheep Diversification
A2006-0439	Casey County Conservation District	Forage Improvement & Utilization
A2006-0440	Clinton County Farm Bureau Inc. of Albany, Kentucky	Project
A2006-0441	Owen County Fiscal Court	Project
A2006-0442	Hart County Conservation District	Forage Improvement & Utilization
A2006-0443	Hart County High School Agriculture Department	Project
A2006-0444	Roundstone Native Forb Seed Production	Project
A2006-0445	Carroll County Agriculture Development Fund, Inc.	Project
A2006-0446	Bourbon County Fiscal Court	Goat & Sheep Diversification
A2006-0447	Bourbon County Fiscal Court	Goat & Sheep Diversification
A2006-0448	Bourbon County Fiscal Court	Goat & Sheep Diversification
A2006-0449	Bourbon County Fiscal Court	Forage Improvement & Utilization
A2006-0450	Bourbon County Fiscal Court	Cattle Handling Facilities
A2006-0451	Bourbon County Fiscal Court	On-farm Water Enhancement



## APPENDIX A: New Applications for Referral

App #	Applicant	Request Type
A2006-0452	Bourbon County Fiscal Court	Hay, Straw, & Commodity Storage
A2006-0453	Fayette County Conservation District	Shared-use Equipment
A2006-0454	Rowan County Fiscal Court	Forage Improvement & Utilization
A2006-0455	Clark County Livestock & Forage Council	Cattle Handling Facilities
A2006-0456	The Estill County Cattlemen's Association, Inc.	Project
A2006-0457	Breathitt County Conservation District	Agricultural Diversification
A2006-0458	Breathitt County Conservation District	Farm Livestock Fencing Improvement
A2006-0459	Breathitt County Conservation District	Cattle Handling Facilities
A2006-0460	Kentucky Poultry Federation	Project
A2006-0461	Kentucky Poultry Federation	Project
A2006-0462	Montgomery County Farm Bureau	Project
A2006-0463	Montgomery County Conservation District	Forage Improvement & Utilization
A2006-0464	North Central Kentucky Goat Producers Assoc.	Goat & Sheep Diversification
A2006-0465	Montgomery County Conservation District	Farm Livestock Fencing Improvement
A2006-0466	Montgomery County Farm Bureau	Agricultural Diversification
A2006-0467	Montgomery County Cattlemen's Association	Project

## APPENDIX B: Model Programs Recommended for Approval

**Agricultural Diversification**

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2006-0433	Barren River Area Development District	Barren	\$27,000.00
A2006-0457	Breathitt County Conservation District	Breathitt	\$21,000.00
A2006-0426	Jessamine County Sheep & Goat Producers, Inc.	Jessamine	\$19,700.00
A2006-0429	Kenton County Conservation District	Kenton	\$24,663.00
A2006-0466	Montgomery County Farm Bureau	Montgomery	\$44,655.00
A2006-0431	Todd County Cattlemen's Association, Inc.	Todd	\$16,650.00
			<b>\$153,668.00</b>

**Cattle Handling Facilities**

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2006-0450	Bourbon County Fiscal Court	Bourbon	\$42,800.00
A2006-0459	Breathitt County Conservation District	Breathitt	\$26,300.00
A2006-0455	Clark County Livestock & Forage Council	Clark	\$25,000.00
A2006-0436	Jessamine County Beef Cattle Association, Inc.	Jessamine	\$50,000.00
			<b>\$144,100.00</b>

**Dairy Diversification**

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2006-0437	Jessamine County Beef Cattle Association, Inc.	Jessamine	\$4,500.00
			<b>\$4,500.00</b>

**Farm Livestock Fencing Improvement**

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2006-0458	Breathitt County Conservation District	Breathitt	\$36,750.00
A2006-0465	Montgomery County Conservation District	Montgomery	\$30,422.00
			<b>\$67,172.00</b>

## APPENDIX B: Model Programs Recommended for Approval

**Forage Improvement & Utilization**

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2006-0449	Bourbon County Fiscal Court	Bourbon	\$157,000.00
A2006-0439	Casey County Conservation District	Casey	\$150,000.00
A2006-0442	Hart County Conservation District	Hart	\$33,156.00
A2006-0463	Montgomery County Conservation District	Montgomery	\$44,470.00
A2006-0454	Rowan County Fiscal Court	Rowan	\$30,000.00
			<b>\$414,626.00</b>

**Goat & Sheep Diversification**

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2006-0448	Bourbon County Fiscal Court	Bourbon	\$5,250.00
A2006-0464	North Central Kentucky Goat Producers Assoc.	Franklin	\$10,000.00
A2006-0425	Jessamine County Sheep & Goat Producers, Inc.	Jessamine	\$10,500.00
A2006-0435	Jessamine County Goat Producers, Inc.	Jessamine	\$6,000.00
A2006-0438	Laurel County Cattlemen's Association, Inc.	Laurel	\$14,000.00
			<b>\$45,750.00</b>

**Hay, Straw, & Commodity Storage**

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2006-0452	Bourbon County Fiscal Court	Bourbon	\$53,500.00
			<b>\$53,500.00</b>

**On-farm Water Enhancement**

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2006-0451	Bourbon County Fiscal Court	Bourbon	\$94,500.00
			<b>\$94,500.00</b>

**Shared-use Equipment**

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2006-0453	Fayette County Conservation District	Fayette	\$8,636.00
			<b>\$8,636.00</b>

Total County Funds Recommended for Approval in Model Programs: **\$986,452.00**

**APPENDIX C: Requested Amendments-Projects & Programs**

<b>App #</b>	<b>A2005-0478</b>
<b>Applicant Name</b>	<b>Owen County Farm Bureau</b>
Amount Approved	\$37,100.00
Date	September 16, 2005
Requested Change	The applicant requests an <u>additional</u> \$6,195.00 for the <i>Agricultural Diversification</i> Program. The request received a <u>high</u> priority from the Owen County Council. The term of the program shall remain 12-months from the execution date of the original agreement. Approval of this request would bring the program total to \$43,295.00.
Recommendation	Approval

<b>App#</b>	<b>A2006-0242</b>
<b>Applicant Name</b>	<b>Garrard County Farm Bureau, Inc.</b>
Amount Approved	\$25,000.00
Date	June 16, 2006
Requested Change	The applicant requests an <u>additional</u> \$10,000.00 for the <i>Cattle Genetics</i> Program. The request received a <u>high</u> priority from the Garrard County Council. The term of the program shall remain 12-months from the execution date of the original agreement. Approval of this request would bring the program total to \$35,000.00.
Recommendation	Approval

## ***APPENDIX D: Requested Withdrawals-Projects & Programs***

App#	A2006-0012
Applicant Name	Montgomery County Farm Bureau
Date	February 17, 2006
Requested Change	The applicant requests to <u>withdraw</u> this project.
Recommendation	Approval

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